

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7385

BILL NUMBER: HB 1260

NOTE PREPARED: Jan 30, 2007

BILL AMENDED:

SUBJECT: County Police Officer Death Benefit.

FIRST AUTHOR: Rep. Crooks

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill establishes a \$9,000 minimum death benefit for county police officers.

Effective Date: July 1, 2007.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: As of July 2006, there were 2,566 active county police officers and 899 retired county police officers, or a total of 3,465. This presents a future liability of approximately \$31.2 M for all county police departments. This liability will grow each year as new county police officers are hired, and expenditures will be spread over many years, perhaps as many as 50 or more. The annual expenditure per county police department will depend upon the number of deaths of eligible recipients which occur each year.

(Revised) *Background Information:* According to the actuaries for many of the county police plans, those counties that currently operate a death benefit provide a benefit that is currently above \$9,000. If the new language in this bill establishes a minimum benefit, there would be no fiscal impact to the counties that currently provide such a benefit. If the new language will provide an additional benefit upon the death of an officer only if the death occurs while employed as a county police officer, the approximate fiscal impact of adding such benefit is estimated to be an annual cost of \$26 per active officer. If the additional benefit is payable regardless of whether the death occurs while employed or after an officer's retirement or termination, the approximate fiscal impact is estimated to be an annual increase of \$108 per active officer and \$385 per separated officer.

The increases have been estimated based on collective data and generic plan provisions for the counties for whom the actuaries currently provide services. The specific impact will vary according to the demographic make-up and plan provisions for each county. In particular, the figures have been estimated assuming a normal retirement age of 55, which applies to a majority of county police retirement plans. If a plan has an earlier normal retirement age, or a subsidized benefit at an early retirement age, the impact would be significantly different. For example, if the plan provides unreduced retirement benefits as early as age 50, the impact of an additional \$9,000 death benefit would be approximately \$14 per officer if provided only upon death while employed as an officer, or \$147 per active officer and \$493 per separated officer if provided both before and after separation.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: County police departments.

Information Sources: Doug Fiddler, McCready & Keene, Inc., actuaries for many of the county police plans, 317-576-1500,

Fiscal Analyst: James Sperlik, 317-232-9866.